



Legislation Text

File #: 2022-0212, **Version:** 1

DATE: August 9, 2022

SUBJECT:

RESOLUTION AUTHORIZING AN 8-YEAR MUNICIPAL SERVICES AGREEMENT WITH THE CITY OF CORONADO FOR LAW ENFORCEMENT, FIRE, LIFEGUARD AND EMERGENCY SERVICES ON NON-AD-VALOREM DISTRICT PROPERTY LOCATED IN THE CITY OF CORONADO

EXECUTIVE SUMMARY:

The District provides law enforcement, marine firefighting, and certain emergency response services throughout its jurisdiction (collectively, the “tidelands”) through the San Diego Harbor Police Department. These services are provided both to taxpaying and non-taxpaying parcels on tidelands with the largest concentration of services occurring within the City of San Diego. On tidelands, the District also contracts with its member cities to provide certain services specifically to non-taxpaying tidelands (defined as those parcels which do not pay possessory-interest tax such as parks and roads). The scopes and rates for these services are memorialized in Municipal Services Agreements (MSAs). The District currently has MSAs with all five member cities.

Three MSAs - Coronado, National City, and Chula Vista - require baseline rate and services negotiations with resulting new rates and updated scopes of service to take effect retroactively on July 1, 2022. Negotiations on a baseline reset are ongoing with National City and Chula Vista pursuant to the terms of their respective MSAs. A new agreement has been negotiated with Coronado since the existing MSA expires on its terms on August 19, 2022, and is the subject of this agenda.

Staff has negotiated a new, eight-year MSA with Coronado that includes substantially the same language as the other four member city agreements with a few changes that are discussed below. In addition, Coronado has agreed to a new baseline rate of approximately \$1.33 million, an increase of 12% compared to the fiscal year (FY) 2022 rate. This rate was calculated using the ratio of calls for service for law enforcement, firefighting, certain emergency response services and lifeguard services on non-tax paying District tidelands to the total calls for service in the City of Coronado and applying that to the overall budgets for the respective service departments, including an average annual expense for vehicle replacement and capital expenditures, plus a 10% overhead/administrative fee for each of the service categories). Staff believes that this methodology and calculation represents a fair and justifiable reimbursement to the City of Coronado for services provided on non-tax paying tidelands.

RECOMMENDATION:

Adopt Resolution authorizing an 8-year Municipal Services Agreement with the City of Coronado for law enforcement, fire, lifeguard and emergency services on non-ad-valorem District property located in the City of Coronado.

FISCAL IMPACT:

Funds for the increase were not included in the FY 2023 budget, and staff will bring a budget amendment for Board approval if needed at a later date. Funds required for future fiscal years will be budgeted for in the appropriate year subject to Board approval upon adoption of each fiscal year's budget. The proposed Coronado MSA includes a new baseline rate of \$1,330,118, an increase of approximately 12% over FY 2022.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A Port with a healthy and sustainable bay and its environment.
- A Port that is a safe place to visit, work and play.

DISCUSSION:

Background

On June 15, 2021 the Board authorized a one-year extension to Coronado's previously effective long-term MSA from July 1, 2021 to June 30, 2022 along with a three percent (3%) increase to the prior baseline rate for services. Staff subsequently executed an administrative, short-term MSA with Coronado to allow additional time to finalize negotiations on a new, long-term MSA. The current short-term MSA will expire on August 19, 2022.

New Agreement

Coronado is the only member city that has not yet moved to a long-term agreement on the new MSA template. Staff has negotiated a new 8-year agreement to line up with the terms of previously-approved MSAs with Imperial Beach, National City and Chula Vista. San Diego is also on the new template, but the MSA expires on June 30, 2026. The language in the proposed Coronado MSA (Attachment A) is substantively similar to the language in the MSAs for other member cities with a few exceptions, listed below:

- Section 3b. - Any new baseline rate approved by the Board on a baseline reset date (discuss below) must also be accepted by the City or the current Baseline Rate continues with a 4% increase, or alternatively either Party may terminate the Agreement upon six months' notice.
- Baseline reset dates of July 1, 2025 and July 1, 2028.
- Section 3c. - Annual baseline increase is 4%.

- Section 3e. - The District may elect to defer the annual baseline increase (4%) once per year up to a maximum cumulative deferral of five years (as opposed to deferring multiple years at once).

Each of the member city agreements include some minor deviations from the template due to unique circumstances in those cities, as does the proposed agreement with Coronado.

Baseline Reset Methodology

Staff's goal has been to develop a methodology that fairly and accurately determines the cost of services provided by the member cities on non-tax paying District property. Due to the variability in budgeting practices, acreages of the tidelands within each member city, services provided, and service levels, there is some variability from city to city. However, after negotiations and discussions with all of the member cities, two relatively objective factors to consider continue to stand out: (1) a ratio of calls for service for police, fire, and emergency services provided on non-possessory interest taxpaying tidelands versus citywide; and (2) adopted budgets for the member cities to provide these services net of any offsetting revenues and excluding any expense categories that cannot be reasonably attributed to tidelands. Negotiations with the member cities have proceeded accordingly by first identifying the calls for service ratio and then applying that ratio against an adjusted budget number. Because of the variability between member cities, some additional factors are then considered once the calls for service foundation has been established.

To determine the calls for service ratio, Coronado provided actual calls for service data for police, fire and emergency services as well as hourly data for lifeguards for all of tidelands for 2019, 2020 and 2021. These data were then refined to exclude any calls to tax-paying parcels. Note that some of these calls were associated with addresses that pay taxes on Coronado tidelands, and based on discussions with Coronado, it became clear that there are occasions in which the address used for the purpose of reporting or response to a call for service may not necessarily reflect where the service occurred. Based on the average of these three years, staff identified an average of 2720 police calls for service, 71 calls for fire and emergency services and 565 hours of lifeguard services on non-tax paying tidelands which calculates to a ratio of 5.96%, 1.28% and 1.6% respectively when applied to the average total calls or hours, as shown in the chart below. These ratios were then applied to the FY 2023 budgets for each respective category to arrive at a subtotal. In addition, the ratios were also applied to a 7-year average cost of vehicle equipment replacement as well as capital expenditures in order to fully reflect the proportional expenses required to service the tidelands. The 7-year average is intended to capture at least one cycle of large vehicle equipment replacements and capital expenditures to accurately calculate an average in these areas.

Port Calls for Service Costs: Police, Fire/EMS, Lifeguard Services

Police Services	FY 2023	Subtotals	Totals
Operating Budget	\$ 17,197,168.00		
Vehicle Equipment Replacement Budget (Avg Annualized)	\$ 381,090.71		
Capital Improvement Program (Avg Annualized)	\$ 229,808.14		
Police Services Total Budget		\$ 17,808,066.85	
% Port Calls for Service	5.96%		
Police Costs Allocated to Tidelands			\$ 1,061,397.62

Fire/Emergency Medical Services (Net of Lifeguards Operations)	FY 2023	Subtotals	Totals
Operating Budget	\$ 9,251,894.00		
Less Revenues (5200-Ambulance Svcs)	\$ (550,000.00)		
Vehicle Equipment Replacement Budget (Avg Annualized)	\$ 480,918.42		
Capital Improvement Program (Avg Annualized)	\$ 248,117.71		
Fire/EMS Total Budget		\$ 9,430,930.14	
% Port Calls for Service	1.28%		
Fire/EMS Costs Allocated to Tidelands			\$ 120,862.63

Lifeguard Services	FY 2023	Subtotals	Totals
Operating Budget	\$ 1,687,364.00		
Vehicle Equipment Replacement Budget (Avg Annualized)	Included with Fire/EMS		
Lifeguard Services Total Budget		\$ 1,687,364.00	
% Port Calls for Service	1.6%		
Lifeguard Services Costs Allocated to Tidelands			\$ 26,937.73

To arrive at the total reimbursement amount of \$1.33 million, an additional 10% administration/readiness fee was included for each service to reflect general administrative support provided to each department outside of their respective budgets such as human resources and financial/accounting services as shown in the summary below.

City of Coronado Summary of Costs to Service Port Tidelands

Service	Category	Cost	Totals
Police	Direct Services	\$ 1,061,398	
	Admin/Resource Readiness (10%)	\$ 106,140	
			\$ 1,167,537
Fire / EMS	Direct Services	\$ 120,863	
	Admin/Resource Readiness (10%)	\$ 12,086	
			\$ 132,949
Lifeguard	Direct Services	\$ 26,938	
	Admin/Resource Readiness (10%)	\$ 2,694	
			\$ 29,631
TOTAL			\$ 1,330,118

Conclusion

The City of Coronado has been responsive and open on the negotiations for a new MSA and baseline rate. The language in the proposed MSA provides clarity in comparison to older MSAs and is substantially similar to the other member city MSAs. The proposed baseline rate is based on granular data provided by Coronado staff and is a fair and justifiable reimbursement to the City for services provided on non-tax paying District tidelands. Staff recommends that the Board authorize a Resolution authorizing an 8-year Municipal Services Agreement with the City of Coronado.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda sheet and the attachments as presented to it and approves the same as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, authorizing an 8-year Municipal Services Agreement with the City of Coronado for law enforcement, fire, lifeguard and emergency services on non-ad-valorem District property, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which allow the Board to pass resolutions; and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct impact on District workforce or contract reporting at this time.

PREPARED BY:

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Attachment(s):

Attachment A: Proposed MSA